Funding of MFIs

1164. SHRIMATI MOHSINA KIDWAI: Will the Minister of FINANCE be pleased to state:

how many private banks are funding Micro Finance Institutions (MFIs) in Uttar Pradesh (UP) and whether their interest rates are very high and how many MFIs are there in UP;

whether Government would establish a non-profit micro credit institution for women in North India particularly in rural sector;

how many women self help groups linked to micro finance are there in Uttar Pradesh and Chhattisgarh;

(d) what Government is doing to boost micro finance movement in these States, particularly amongst women; and

(e) how many families of these States have been linked to micro finance credit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Many Private/Foreign Banks like ICICI Bank, HDFC Bank, ING Vysya Bank, ABN AMRO, Citi Bank, Axis Bank etc. are financing Micro Finance Institutions (MFIs) in UP. The rate of interest charged by banks including Private Banks for all purposes including Micro credit has been deregulated by Reserve Bank of India. As per provisional data available, 12 MFIs are functioning in UP.

The Government has introduced a bill in Lok Sabha on 20.03.2007 called "The Micro Financial Sector (Development and Regulation) Bill, 2007" to create environment friendly policy for micro-finance services in the country. The bill is intended to provide a formal statutory framework for the promotion, development and regulation of the micro finance sector. As of now there is no plan of the Government to establish any micro finance institution.

The number of Self Help Groups (SHGs) credit linked to banks (as on 31.03.2007) in Uttar Pradesh and Chhattisgarh is 1,98,587 and 41,703 respectively. Of this around 90% of SHGs are women groups.

The Self Help Group (SHG) Bank Linkage Programme, facilitated by NABARD since 1992, is the flagship micro finance programme in the country. Both the States *i.e.* UP and Chhattisgarh have been identified among the priority states by NABARD for promotion and linkage of the SHGs. Special attention is being provided for capacity building of various stakeholders of the programme and for roping in new partners and supporting existing partners for promotion and linkage of SHGs by way of grant assistance in these States.

The estimated number of families credit linked to banks (as on 31.03.2007) under SHG bank linkage programme in Uttar Pradesh and Chhattisgarh is 27.8 lakh and 5.83 lakh respectively.